

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 464/TT/2024

Coram:

**Shri Ramesh Babu V., Member
Shri Harish Dudani, Member**

Date of Order: 08.07.2025

In the matter of:

Approval under Section 62 read with Section 79 (1)(d) of the Electricity Act, 2003 and under Regulation 15 (1)(a) and Regulation 23 of the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 2023 for truing up of the transmission tariff for the 2019-24 period and determination of the transmission tariff for the 2024-29 period for Combined Asset under "Common Transmission Scheme associated with ISGS projects in Nagapattinam/ Cuddalore area of Tamil Nadu -Part-A1 (b)" in the Southern Region.

And in the matter of:

Power Grid Corporation of India Limited,
SAUDAMINI, Plot No-2,
Sector-29, Gurgaon-122001 (Haryana).

...Petitioner

Versus

- 1. Tamil Nadu Generation and Distribution Corporation Limited,**
NPKRR Maaligai, 800, Anna Salai,
Chennai – 600002
- 2. Kerala State Electricity Board Limited (KSEBL),**
Vaidyuthi Bhavanam,
Pattom, Thiruvananthapuram – 695004
- 3. Electricity Department,**
Government of Goa,
Vidyuti Bhawan, Panaji, Goa – 403001
- 4. Electricity Department,**
Government of Pondicherry,
137, Netaji Subash Chandra Bose Salai, Pondicherry – 605001



5. **Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL)**
APEPDCL, P&T Colony,
Seethmmadhara, Vishakhapatnam, Andhra Pradesh – 530013
6. **Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCL),**
#19-13-65/A, Srinivasapuram, Tiruchanoor Road,
Tirupati – 517503, Andhra Pradesh
7. **Andhra Pradesh Central Power Distribution Company Limited (APSPDCL)**
Corporate Office, Beside Polytechnic College, ITI Road
Vijayawada – 520008, Krishna District, Andhra Pradesh
8. **Southern Power Distribution Company of Telangana Limited (TSSPDCL),**
6-1-50, Corporate Office, Mint Compound,
Hyderabad – 500063, Telangana
9. **Northern Power Distribution Company of Telangana Limited (TSNPDCL),**
H.No 2-5-3 1/2, Vidyut Bhawan, Corporate Office,
Nakkal Gutta, Hanamkonda, Warangal, – 506001, Telangana
10. **Bangalore Electricity Supply Company Limited (BESCOM),**
Corporate Office, K.R.Circle,
Bangalore – 560001, Karnataka
11. **Gulbarga Electricity Supply Company Limited (GESCOM),**
Corporate Office, Station Main Road, Opp. Parivar Hotel,
Gulbarga (Kalburgi), Karnataka – 585102
12. **Hubli Electricity Supply Company Limited (HESCOM),**
Navanagar, PB Road, Hubli, Karnataka – 580025
13. **Mangalore Electricity Supply Company Limited, (MESCOM)**
Corporate Office, 1st floor, MESCOM Bhavan,
Kavoor Cross Road, Bejai, Mangalore – 575001, Karnataka
14. **Chamundeswari Electricity Supply Corporation Limited (CESC),**
Corporate Office, # 29, Vijayanagara 2nd Stage,
Hinkal, Mysuru – 570017, Karnataka
15. **Powergrid NM Transmission Limited,**
B-9, Qutab Institutional Area, Katwaria Sarai,
New Delhi – 110016

...Respondent(s)



Parties Present: Shri Sachin Dubey, Advocate, BRPL & BYPL
Shri Mohit Jain, Advocate, BRPL & BYP
Shri Mohd. Mohsin, PGCIL
Shri V.C. Shekhar, PGCIL
Shri Naresh Kumar Angaru, PGCIL
Shri G. Vijay, PGCIL
Shri Vivek Kumar Singh, PGCIL
Shri Nitish Kumar, PGCIL
Ms. Ashita Chauhan, PGCIL
Shri Ashish Alankar, PGCIL
Shri Arjun Malhotra, PGCIL

ORDER

The instant Petition has been filed by Power Grid Corporation of India Limited (PGCIL) for truing up of the transmission tariff for the 2019-24 tariff period under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as “the 2019 Tariff Regulations”) and for determination of the transmission tariff under the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 (hereinafter referred to as “the 2024 Tariff Regulations”) for the 2024-29 tariff period in respect of the following transmission assets (hereinafter referred to as “the transmission assets/Combined Assets”) under “Common Transmission Scheme associated with ISGS projects in Nagapattinam/Cuddalore area of Tamil Nadu-Part-A1(b)” in the Southern Region.

Asset-1: 2 Nos. 400kV bays each at Nagapattinam Pooling and Salem New (Dharmapuri) for terminating Pooling Station – Salem New (Dharmapuri) 765kV D/C Line (initially charged at 400kV) being implemented under tariff-based bidding and 1 No. 63 MVAR line reactor at Nagapattinam Pooling Station and Salem New (Dharmapuri) each for both circuits of Nagapattinam Pooling Station-Salem New (Dharmapuri) 765 kV D/C Line (Initially charged at 400 kV);

Asset-2: 1 No. 400 kV bay each at Salem New (Dharmapuri) and Madhugiri for terminating Salem New (Dharmapuri)-Madhugiri 765 kV S/C Line-2 (Initially



charged at 400 kV) being implemented under tariff based bidding and 1 No. 63 MVAR line reactor at Madhugiri end of Salem New (Dharmapuri)-Madhugiri 765 kV S/C Line -2 (Initially charged at 400 kV).

Assets 1 and 2 have been combined and a combined tariff has been claimed for the 2019-24 and 2024-29 tariff periods, and as such have been referred to as “Combined Asset” for the 2019-24 and 2024-29 tariff periods.

2. The Petitioner has made the following prayers in the instant Petition:

“a) Approve the trued-up Transmission Tariff for the 2019-24 block and transmission tariff for the 2024-29 block for the assets covered under this petition, as per para 14 and 15 above.

b) Admit the capital cost claimed, and additional capitalization incurred during 2019-24 (Arbitral Award) and also allow the projected additional capitalization during 20124-29.

c) Allow the Petitioner to recover the shortfall or refund the excess Annual Fixed Charges, on account of Return on Equity due to change in the applicable Minimum Alternate/Corporate Income Tax rate as per the Income Tax Act, 1961 (as amended from time to time) of the respective financial year directly without making any application before the Commission as provided in Tariff Regulations 2019 and Tariff Regulations, 2024 as per para 14 and 15 above for respective block.

d) Approve the reimbursement of expenditure by the beneficiaries towards petition filing fee, and expenditure on publishing notices in newspapers in terms of Regulation 94(1) Central Electricity Regulatory Commission, 2024, and other expenditure (if any) in relation to the filing of petition.

e) Allow the petitioner to bill and recover RLDC fees and charges and Licensee fee separately from the respondents in terms of Regulation 94(3) and (4) Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024.

f) Allow the petitioner to bill and adjust the impact on Interest on Loan due to change in Interest rate on account of floating rate of interest applicable during 2019-24 period, if any, from the respondents.

g) Allow the petitioner to file a separate petition before the Commission for claiming the overall security expenses and consequential IOWC on that security expenses as mentioned at para 21 of the Petition.

h) Allow the petitioner to file a separate petition before the Commission for claiming the overall insurance expenses and consequential IOWC on that insurance expenses as mentioned at para 21 of the Petition.

i) Allow the petitioner to file a separate petition before the Commission for claiming the overall capital spares at the end of tariff block as per actual as mentioned at para 21 of the Petition.



j) Allow the petitioner to claim expenses of CTUIL borne by POWERGRID through a separate petition as mentioned at para 22 above.

k) Allow the petitioner to bill and recover GST on Transmission Charges separately from the respondents, if GST on transmission is levied at any rate in future. Further, any taxes including GST and duties including cess etc. imposed by any statutory/Govt./municipal authorities shall be allowed to be recovered from the beneficiaries.

and pass such other relief as the Commission deems fit and appropriate under the circumstances of the case and in the interest of justice.”

Background

3. The brief facts of the case are as follows:

- a. The Investment Approval (IA) for the transmission project was accorded by the Board of Directors of the Petitioner in its 307th meeting held on 11.11.2014 for ₹7429 lakh including IDC of ₹463 lakh based on August 2014 price level (communicated vide Memorandum No. C/CP/ Nagapattinam-Part-A I (b) dated 18.11.2014). The Revised Cost Estimate (RCE) for the transmission project was accorded by the Board of Directors of the Petitioner vide letter dated 31.3.2017 for ₹8244 lakh, including IDC of ₹489 lakh.
- b. The Petitioner has filed the present Petition for truing up of the transmission tariff for the 2019-24 tariff period and the determination of transmission tariff for the 2024-29 tariff period for the following transmission assets implemented in the Southern region:

Asset	Asset Name	COD	Remarks
Asset-1	2 Nos. 400kV bays each at Nagapattinam Pooling and Salem New (Dharmapuri) for terminating Pooling Station – Salem New (Dharmapuri) 765kV D/C Line (initially charged at 400kV) being implemented under tariff-based bidding and 1 No. 63 MVAR line reactor at Nagapattinam Pooling Station and Salem New (Dharmapuri) each for both circuits of Nagapattinam Pooling Station-Salem New (Dharmapuri) 765 kV D/C Line (Initially charged at 400 kV);	23.10.2016	All assets merged during the 2019-24 tariff period with effective COD: 30.5.2017
Asset-2	1 No. 400 kV bay each at Salem New (Dharmapuri) and Madhugiri for terminating Salem New (Dharmapuri)-Madhugiri 765 kV S/C	26.1.2019	



Asset	Asset Name	COD	Remarks
	Line-2 (Initially charged at 400 kV) being implemented under tariff based bidding and 1 No. 63 MVAR line reactor at Madhugiri end of Salem New (Dharmapuri)-Madhugiri 765 kV S/C Line -2 (Initially charged at 400 kV).		

c. The scope of work covered under the transmission project is as under:

Transmission System:

- i. 2 Nos. 400 kV bays each at Nagapattinam pooling station and Salem New (Dharmapuri) for terminating Nagapattinam Pooling Station-Salem New (Dharmapuri) 765 kV D/C Line (Initially charged at 400 kV) being implemented under tariff-based bidding.
- ii. 1 No. 400 kV bay each at Salem New (Dharmapuri) and Madhugiri for terminating Salem New (Dharmapuri)-Madhugiri 765 kV S/C Line-2 (Initially charged at 400 kV) being implemented under tariff based bidding.
- iii. 1 No. 63 MVAR line reactor at Nagapattinam Pooling Station and Salem New (Dharmapuri) each for both circuits of Nagapattinam Pooling Station-Salem New (Dharmapuri) 765 kV D/C Line (Initially charged at 400 kV) being implemented under tariff-based bidding.
- iv. 1 No. 63 MVAR line reactor at Madhugiri end of Salem New (Dharmapuri)- Madhugiri 765 kV S/C Line - 2 (Initially charged at 400 kV) being implemented under tariff-based bidding.

4. The details of the individual assets which are a part of the Combined Asset including scheduled commercial operation dates (SCODs), date of commercial operation (CODs) and time over-run are as follows:



Assets	SCOD	COD	Time over-run	Time over-run condoned
Asset-1	11.5.2017	23.10.2016	No time over-run	Not Applicable
Asset-2	11.5.2017	26.1.2019	20 months and 15 days	Time over-run not condoned in order dated 20.5.2019 in Petition No.256/TT/2018

5. The transmission tariff for Asset-1 for the 2014-19 tariff period was approved by the Commission vide order dated 23.1.2017 in Petition No. 214/TT/2016, and that for Asset-2 for the 2014-19 tariff period was approved vide order dated 20.5.2019 in Petition No. 256/TT/2018. Further, the Commission, vide order dated 29.4.2021 in Petition No. 38/TT/2020, trued-up the transmission tariff of these assets on individual basis for the 2014-19 tariff period and determined the transmission tariff for the 2019-24 tariff period of these assets on combined basis.

6. The Respondents are distribution licensees, and power departments, which are procuring transmission services from the Petitioner, mainly beneficiaries of the Southern Region.

7. The Petitioner has served the Petition on the Respondents and notice regarding filing of this Petition has been published in the newspapers in accordance with Section 64 of the Electricity Act, 2003. No comments or suggestions have been received from the general public in response to the aforesaid notice published in the newspapers by the Petitioner.

8. Kerala State Electricity Board Limited (KSEBL), Respondent No. 2, has filed its reply vide affidavit dated 1.3.2025 and has raised the issues of adjustments in Additional Capital Expenditure, grossed up rate of Return on Equity, Interest on Loan and effect of GST. The issues raised by KSEBL and the rejoinder of the Petitioner to those issues are considered in the succeeding paragraphs of this order.

9. The last hearing in this matter was held on 22.4.2025 and the order was reserved.



10. This order is issued considering the submissions made by the Petitioner vide affidavit dated 21.9.2024, 25.3.2025. Further, KSEBL's reply filed vide affidavit dated 1.3.2025 and the Petitioner's rejoinder dated 9.4.2025 have also been considered while passing this order.

11. Having heard the representatives of the Petitioner and perused the material on record, we proceed to dispose of the Petition.

Truing up of Annual Fixed Charges for the 2019-24 tariff period

12. The details of the trued-up transmission charges claimed by the Petitioner in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	399.86	402.74	403.95	404.91	404.91
Interest on Loan	344.69	309.05	277.41	251.02	222.45
Return on Equity	415.22	418.30	419.59	420.61	420.61
Interest on Working Capital	25.06	23.26	21.55	21.48	24.41
O&M Expenses	174.88	181.03	187.39	193.96	200.77
Total	1359.71	1334.38	1309.89	1291.98	1273.15

13. The details of the trued-up Interest on Working Capital (IWC) claimed by the Petitioner in respect of the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
O&M Expenses	14.57	15.09	15.62	16.16	16.73
Maintenance Spares	26.23	27.15	28.11	29.09	30.12
Receivables	167.18	164.51	161.49	159.28	156.53
Total Working Capital	207.98	206.75	205.22	204.53	203.38
Rate of Interest (in %)	12.05	11.25	10.50	10.50	12.00
Interest on Working Capital	25.06	23.26	21.55	21.48	24.41

Capital Cost for 2019-24 Tariff Period

14. The capital cost of the transmission system has been calculated in accordance with the Regulation 19(1) and 19(3) of the 2019 Tariff Regulations.



15. The Commission, vide order dated 29.4.2021 in Petition No. 38/TT/2020, has trued-up the transmission tariff for the 2014-19 tariff period and granted the transmission tariff for the 2019-24 tariff period. The capital cost of ₹ 7319.30 lakh was approved by the Commission as on 31.3.2019, and the same has been considered as opening capital cost as on 1.4.2019 for the purpose of truing up of transmission tariff for the 2019-24 period in accordance with Regulation 19 of the 2019 Tariff Regulations.

16. The Commission, vide order dated 29.4.2021 in Petition No. 38/TT/2020 allowed capital cost as on 1.4.2019 for the Combined Asset and projected Additional Capital Expenditure (ACE) for the 2019-24 tariff period. The details of the capital cost as allowed by the Commission in the aforesaid order are as follows:

(₹ in lakh)

Assets	FR Apportioned Approved Cost	Capital Cost allowed as on 1.4.2019	ACE allowed	Capital Cost allowed as on 31.3.2024
			2019-20	
Combined Asset	8244.00	7319.30	244.68	7563.98

17. The Petitioner in the instant true-up Petition has claimed the following capital cost for the 2019-24 tariff period:

(₹ in lakh)

Assets	FR Apportioned Approved Cost	Capital Cost up as on 1.4.2019	ACE Claimed					Total Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	2022-23	2023-24	
Combined Asset	8244.00	7379.30*	99.80	9.30	36.37	0.00	0.00	7464.77

**The Petitioner has inadvertently mentioned the capital cost as on 1.4.2019 as ₹ 7379.30 lakh instead of ₹ 7319.30 lakh as per the previously approved order dated 29.4.2021 in the Petition No. 38/TT/2020.*

Additional Capital Expenditure (ACE)

18. The Commission vide order dated 29.4.2021 in Petition No. 38/TT/2020 allowed ACE in respect of the Combined Assets for the 2019-24 tariff period as follows:



(₹ in lakh)

Particulars	Admitted ACE
Liability for works executed prior to the cut-off date under Regulation 25(1)(d)	244.68
Total ACE allowed	244.68

19. Against this, the Petitioner has claimed the following ACE based on the actual expenditure in accordance with Regulation 24(1)(a) of the 2019 Tariff Regulations. The ACE claimed in the instant Petition is for Asset-2 which is within the cut-off date of 31.3.2022.

(₹ in lakh)

Particulars	Regulations	Actual ACE		
		2019-20	2020-21	2021-22
Undischarged liabilities recognized to be payable at a future date	24(1)(a)	99.80	9.30	36.37
Total		145.47		

20. The vendor-wise details of ACE claimed by the Petitioner for the Combined Asset are as follows:

(₹ in lakh)

Vendor	Work Executed	Liability Discharge					Total
		2019-20	2020-21	2021-22	2022-23	2023-24	
CG Power and Industrial Solutions	Sub-station	15.06	9.30	23.17	0.00	0.00	47.53
Bharat Heavy Electricals Ltd	Sub-station	84.74	0.00	0.00	0.00	0.00	87.74
GE T&D India Ltd.	Sub-station	0.00	0.00	1.87	0.00	0.00	1.87
M/S Siemens Ltd	Sub-station	0.00	0.00	11.33	0.00	0.00	11.33
Total		99.80	9.30	36.37	0.00	0.00	145.47

21. With regard to ACE, KSEBL in its reply filed vide affidavit dated 1.3.2025 has submitted that the ACE approved in the order dated 29.4.2021 in Petition No. 38/TT/2020 was under Regulation 25(1)(d) the 2019-24 Tariff Regulations. However, ACE in the instant Petition is claimed under Regulation 24(1)(a) of the 2019-24 Tariff Regulations, which needs to be substantiated with documentary evidence. The



Respondent has further submitted that ₹ 99.80 lakh, ₹ 9.30 lakh and ₹ 36.37 lakh have been claimed for FY 2019-20, 2020-21 and 2021-22, respectively. The proof of components-wise payments in terms of ACE claimed during the 2019-24 tariff period will be required for prudence check.

22. In response the Petitioner, vide affidavit dated 9.4.2025 has submitted that the ACE incurred during 2019-24 tariff period is claimed under Regulation 24(1)(a) of the 2019 Tariff Regulations. Furthermore, the Petitioner has submitted the Auditor's Certificate and the Liability Flow Statement containing vendor-wise details of actual ACE incurred during 2019-24 period in the instant Petition.

23. The Commission vide RoP dated 11.3.2025 directed the Petitioner to submit the reasons for claiming ACE beyond the cut-off date for the 2019-24 tariff period and for variation between ACE claimed and ACE allowed by the Commission on projected basis.

24. In response to the RoP for the hearing dated 11.3.2025, the Petitioner vide affidavit dated 25.3.2025 has submitted that the primary reason for variation in ACE claimed and allowed is that the ACE claimed is based on the actual payments made to the vendor after receipt of final invoices and incorporating the amendments.

25. We have considered the submissions of the Petitioner and KSEBL. It is observed that ACE claimed for the period 2019-22 is for Asset-2 for which the cut-off date is 31.3.2022. Accordingly, ACE claimed towards undischarged liabilities recognized to be payable at a future date within the cut-off date is allowed under Regulation 24(1)(a) of the 2019 Tariff Regulations. Accordingly, the capital cost and ACE allowed in respect of the Combined Asset for the 2019-24 period is as follows:



(₹ in lakh)

Asset	FR Appportioned Approved Cost	Capital Cost allowed as on 1.4.2019	Actual ACE			Capital Cost as on 31.3.2024
			2019-20	2020-21	2021-22	
Combined Asset	8244.00	7319.30	99.80	9.30	36.37	7464.77

Debt-Equity ratio

26. The details of the debt-equity ratio considered and allowed under Regulation 18 of the 2019 Tariff Regulations for computation of tariff of the Combined Asset during the 2019-24 tariff period are as follows:

Funding	Capital Cost as on 1.4.2019 (₹ in lakh)	(in %)	ACE in 2019-24 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2024 (₹ in lakh)	(in %)
Debt	5123.51	70.00	101.83	70.00	5225.34	70.00
Equity	2195.79	30.00	43.64	30.00	2239.43	30.00
Total	7319.30	100.00	145.47	100.00	7464.77	100.00

Depreciation

27. The Depreciation has been worked out considering the admitted capital expenditure as on 1.4.2019 and, thereafter up to 31.3.2024. The Weighted Average Rate of Depreciation (WAROD) has been worked out for the Combined Asset as per the rates of depreciation specified in Regulation 33 of the 2019 Tariff Regulations.

28. The depreciation allowed for the Combined Asset for the 2019-24 tariff period is as follows:

(₹ in lakh)

Combined Asset						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Gross Block	7319.30	7419.10	7428.40	7464.77	7464.77
B	Addition during 2019-24 due to ACE	99.80	9.30	36.37	0.00	0.00
C	Closing Gross Block (A+B)	7419.10	7428.40	7464.77	7464.77	7464.77
D	Average Gross Block (A+C)/2	7369.20	7423.75	7446.59	7464.77	7464.77
E	Average Capital Cost (90% depreciable assets)	7279.60	7334.15	7356.99	7375.17	7375.17



Combined Asset						
	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
F	Average Capital Cost (100% depreciable assets)	89.60	89.60	89.60	89.60	89.60
G	Depreciable Value (excluding IT equipment and software) (E*90%)	6551.64	6600.74	6621.29	6637.65	6637.65
H	Depreciable Value of IT equipment and software (F*100%)	89.60	89.60	89.60	89.60	89.60
I	Total Depreciable Value (G+H)	6641.24	6690.34	6710.89	6727.25	6727.25
J	Weighted average rate of Depreciation (WAROD) (in %)	5.43	5.43	5.42	5.42	5.42
K	Balance useful life of the asset	24	23	22	21	20
L	Elapsed life at the beginning of the year	1	2	3	4	5
M	Aggregate Depreciable Value	6641.24	6690.34	6710.89	6727.25	6727.25
N	Combined Depreciation during the year (D*J)	399.86	402.74	403.95	404.91	404.91
O	Cumulative Depreciation at the end of the year	1058.24	1460.98	1864.93	2269.84	2674.75
P	Remaining Aggregate Depreciable Value at the end of the year	5583.00	5229.36	4845.96	4457.41	4052.50

29. The details of depreciation approved vide order dated 29.4.2021 in Petition No. 38/TT/2020 in respect of the Combined Assets, claimed by the Petitioner in the instant Petition and trued-up depreciation in the instant order are as follows:

(₹ in lakh)					
Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020	403.69	410.15	410.15	410.15	410.15
Claimed by the Petitioner in the instant Petition	399.86	402.74	403.95	404.91	404.91
Approved after true-up in this order	399.86	402.74	403.95	404.91	404.91

Interest on Loan (IoL)

30. The Petitioner has claimed the Weighted Average Rate of IoL based on its actual loan portfolio and rate of interest. We have considered the submissions of the Petitioner. IoL has been calculated based on actual interest rate submitted by the Petitioner in accordance with Regulation 32 of the 2019 Tariff Regulations.



31. KSEBL has submitted that the 2019 Tariff Regulations provide for IoL calculation based on the actual rate of interest for various loans availed during the tariff period. Further, since the Petitioner has not submitted the details of the actual loan availed for the project, interest on loan, etc., it may be directed to furnish the details of loan agreements and proof of actual loan repayments during the 2019-24 tariff period.

32. In response, the Petitioner has submitted that in the tariff calculations for the 2019-24 period, IoL has been calculated on the basis of actual rate of interest on various loans deployed for each year. The change in interest rate due to the floating rate of interest applicable, if any, for the project needs to be claimed/adjusted over the tariff block of 5 years directly from/with the beneficiaries.

33. For the purpose of the supporting documents for the rate of interest, a compendium of floating rate of interest of various loans during the 2019-24 tariff period has been submitted along with true up Petition (Diary No. 716/2024). These documents/details are also available on the Petitioner's website www.powergrid.in

34. We have considered the submissions of the Petitioner and KSEBL. The trued-up IoL allowed in respect of the Combined Asset is as follows:

(₹ in lakh)

	Particulars	Combined Assets				
	Interest on Loan	2019-20	2020-21	2021-22	2022-23	2023-24
A	Gross Normative Loan	5123.51	5193.37	5199.88	5225.34	5225.34
B	Cumulative Repayments upto Previous Year	658.38	1058.24	1460.98	1864.93	2269.84
C	Net Loan-Opening (A-B)	4465.13	4135.13	3738.90	3360.41	2955.50
D	Additions	69.86	6.51	25.46	0.00	0.00
E	Repayment during the year	399.86	402.74	403.95	404.91	404.91
F	Net Loan-Closing (C+D-E)	4135.13	3738.90	3360.41	2955.50	2550.59
G	Average Loan (C+F)/2	4300.13	3937.01	3549.65	3157.95	2753.04



	Particulars	Combined Assets				
H	Weighted Average Rate of Interest on Loan (in %)	8.0158	7.8498	7.8151	7.9489	8.0802
I	Interest on Loan (G*H)	344.69	309.05	277.41	251.02	222.45

35. The details of IoL allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020 for the Combined Asset, IoL claimed by the Petitioner in the instant Petition and trued-up IoL in the instant order are as follows:

(₹ in lakh)					
Combined Assets	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020	350.33	323.73	291.90	260.74	227.24
Claimed by the Petitioner in the instant Petition	344.69	309.05	277.41	251.02	222.45
Approved after true-up in this order	344.69	309.05	277.41	251.02	222.45

Return on Equity (RoE)

36. The Petitioner has submitted that its Income Tax Assessment has been completed, and assessment orders have been issued by the Income Tax Department for the FY 2019- 20 and FY 2020-21 and the income has been assessed under MAT (115JB of the Income Tax Act, 1961). The Petitioner has further submitted that the Income Tax Returns (ITR) have been filed for the FY 2021-22 and FY 2022-23 and FY 2023-24 (submitted in Petition No. 401/TT/2024).

37. The Petitioner has further submitted that it is liable to pay the income tax at the MAT rates (17.472%, i.e., 15% Income Tax +12% Surcharge on Income Tax+4% Health and Education Cess on Income Tax and Surcharge) and has claimed the following effective tax rates for the 2019-24 tariff period:

Year	Claimed effective tax rate (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
2019-20	17.472	18.782
2020-21	17.472	18.782
2021-22	17.472	18.782



Year	Claimed effective tax rate (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
2022-23	17.472	18.782
2023-24	17.472	18.782

38. KSEBL in its reply filed vide affidavit dated 1.3.2025 has submitted that the Petitioner has not provided the Income Tax Assessment Orders for FY 2019-20 and FY 2020-21 which are critical for determining the effective tax rate. Additionally, Income Tax Returns for FY 2023-24 have not been filed. The Petitioner may be directed to submit audited accounts for the actual taxes paid for all relevant years. Further, any cost due to delay in filing Income Tax shall not be passed on to the beneficiaries. It is observed that the Petitioner has not yet filed Income Tax for FY 2023-24.

39. In response, the Petitioner has submitted that the income tax assessment of the Petitioner has been completed, and assessment orders have been issued by the Income Tax Department for FY 2019-20 and FY 2020-21. Further, the income tax assessment for FY 2021-22, 2022-23 and 2023-24 are currently under progress with the income tax authorities. The assessment orders for FY 2019-20 and 2020-21 and Income Tax Returns for FY 2021-22, FY 2022-23 and FY 2023-24 have been submitted vide affidavit dated 17.12.2024 in Petition No. 401/TT/2024.

40. According to the Petitioner, since the Income Tax Return for FY 2023-24 has now been filed, the revised table regarding computation of effective tax percentage is as under:

Financial Year	Basis considered	Total Tax & Interest paid (₹)	Assessed MAT Income under Sec 115JB (₹)	Effective Tax Percentage (in %)	Grossed up ROE (Base rate/(1-t)) (in %)
2019-20	Assessment Order	24526276991	140374753855	17.472	18.782
2020-21	Assessment Order	26089359008	149320965036	17.472	18.782



Financial Year	Basis considered	Total Tax & Interest paid (₹)	Assessed MAT Income under Sec 115JB (₹)	Effective Tax Percentage (in %)	Grossed up ROE (Base rate/(1-t) (in %))
2021-22	Actual Tax paid	31814640406	182089288030	17.472	18.782
2022-23	Actual Tax paid	30428820993	174157629306	17.472	18.782
2023-24	Actual Tax paid	31321238737	179265331597	17.472	18.782

41. The Petitioner has requested to allow it to claim the differential tariff on account of the trued-up ROE based on the effective tax rate calculated on completion of Income Tax assessment/re-assessment for FYs 2019-20, 2020-21, 2021-22, 2022-23 and 2023-24 on receipt of the respective assessment orders, directly from the beneficiaries on a year-to-year basis as provided in the 2019 Tariff Regulations.

42. We have considered the Petitioner's and KSEBL's submissions and have also gone through the record. We note that the entities covered under the MAT regime are paying Income Tax as per the MAT rates notified for the respective financial year under the IT Act, 1961, which is levied on the book profit of the entity computed as per Section 115 JB of the Income Tax Act, 1961. Section 115 JB(2) defines book profit as net profit in the statement of Profit and Loss prepared in accordance with Schedule-II of the Companies Act, 2013, subject to some additions and deductions as mentioned in the Income Tax Act, 1961. Since the Petitioner has been paying the MAT rates of the respective financial year, the notified MAT rates for the respective financial year shall be considered as an effective tax rate for the purpose of grossing up the RoE for truing up the 2019-24 tariff period in terms of the provisions of the 2019 Tariff Regulations. Interest imposed on any additional income tax demand as per the Assessment Order of the Income Tax Authorities shall be considered on the actual payment. However, the penalty (for default on the part of the Assessee), if any, imposed shall not be taken into



account for the purpose of grossing up of the rate of RoE. Any under recovery or over-recovery of the grossed-up rates on the RoE after truing up shall be recovered or refunded to the beneficiaries or the long-term customers, as the case may be on a year-to-year basis. Therefore, the following effective tax rate based on the notified MAT rates are considered for the purpose of grossing up the rate of RoE:

Year	Notified MAT rates (in %) (inclusive of surcharge & cess)	Effective Tax (in %)	Base rate of RoE (in %)	Grossed-up RoE [(Base Rate)/(1-t)] (in %)
2019-20	17.472	17.472	15.500	18.782
2020-21	17.472	17.472	15.500	18.782
2021-22	17.472	17.472	15.500	18.782
2022-23	17.472	17.472	15.500	18.782
2023-24	17.472	17.472	15.500	18.782

43. Accordingly, the trued-up RoE allowed in respect of the Combined Asset for the 2019-24 tariff period is as follows:

(₹ in lakh)						
	Particulars	Combined Asset				
	Return on Equity	2019-20	2020-21	2021-22	2022-23	2023-24
A	Opening Equity	2195.79	2225.73	2228.52	2239.43	2239.43
B	Additions	29.94	2.79	10.91	0.00	0.00
C	Closing Equity (A+B)	2225.73	2228.52	2239.43	2239.43	2239.43
D	Average Equity (A+C)/2	2210.76	2227.13	2233.98	2239.43	2239.43
E	Return on Equity (Base Rate) (in %)	15.50	15.50	15.50	15.50	15.50
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	415.22	418.30	419.59	420.61	420.61

44. The details of RoE approved vide order dated 29.4.2021 in Petition No. 38/TT/2020 for the Combined Asset, RoE claimed by the Petitioner in the instant Petition and trued-up RoE in the instant order is as follows:

(₹ in lakh)					
Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020	419.31	426.20	426.20	426.20	426.20



Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Claimed by the Petitioner in the instant Petition	415.22	418.30	419.59	420.61	420.61
Approved after true-up in this order	415.22	418.30	419.59	420.61	420.61

Operation & Maintenance Expenses (O&M Expenses)

45. The Petitioner in the instant true-up Petition has claimed the following O&M Expenses:

(₹ in lakh)					
O&M Expenses	2019-20	2020-21	2021-22	2022-23	2023-24
	174.88	181.03	187.39	193.96	200.77

46. We have considered the submission of the Petitioner. As held vide Order dated 26.11.2021 in Petition No 328/TT/2020 for “Common Transmission Scheme associated with ISGS in Nagapattinam/ Cuddalore area of Tamil Nadu Part A1(a)”, the Nagapattinam Pooling Station is a GIS. Accordingly, the O&M Expenses allowed for the Combined Asset as per norms specified in the 2019 Tariff Regulations are as follows:

(₹ in lakh)					
Particulars	Combined Asset				
	2019-20	2020-21	2021-22	2022-23	2023-24
400 kV Bay (4 Nos.)					
Norms (₹ lakh/Bay)	32.15	33.28	34.45	35.66	36.91
O&M expenses allowed for the Sub-station	128.60	133.12	137.80	142.64	147.64
400 kV GIS Bays (2 Nos.)					
Norms* (₹ lakh/Bay)	22.505	23.296	24.115	24.962	25.837
O&M expenses allowed for the Sub-station	45.01	46.59	48.23	49.92	51.67
Transmission line - (400 kV Nagapattinam – Dharmapuri Line)					
Double Circuit (Bundled Conductor with Four Sub-Conductors): (Line Length: 0.955 km)					
Norms (₹ lakh/km)	1.322	1.368	1.416	1.466	1.517
O&M expenses allowed for Transmission Line	1.26	1.31	1.35	1.40	1.45
Total O&M Expenses claimed (₹ in lakh)	174.87	181.02	187.38	193.96	200.76
<i>*by applying multiplication factor of 0.70 on the normative O&M Expenses for 400 kV bays</i>					



47. The details of O&M Expenses approved vide order dated 29.4.2021 in Petition No. 38/TT/2020, O&M claimed by the Petitioner in the instant Petition and trued-up O&M Expenses in the instant order are as follows:

	(₹ in lakh)				
Combined Asset	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020	174.87	181.02	187.38	193.96	200.76
Claimed by the Petitioner in the instant Petition	174.88	181.03	187.39	193.96	200.77
Approved after true-up in this order	174.87	181.02	187.38	193.96	200.76

Interest on Working Capital (IWC)

48. The IWC has been worked in accordance with Regulation 34 of the 2019 Tariff Regulations. The Rate of Interest (ROI) considered is 12.05% (SBI 1-year MCLR applicable as on 1.4.2019 of 8.55% plus 350 basis points) for the FY 2019-20, 11.25% (SBI 1-year MCLR applicable as on 1.4.2020 of 7.75% plus 350 basis points) for the FY 2020-21, 10.50% (SBI 1-year MCLR applicable as on 1.4.2021 of 7.00% plus 350 basis points) for the FY 2021-22 and 12.00% (SBI 1-year MCLR applicable as on 1.4.2023 of 8.50% plus 350 basis points) for FY 2023-24.

49. The components of the working capital and interest allowed thereon for the Combined Asset for 2019-24 are as follows:

		(₹ in lakh)				
	Particulars	Combined Assets				
	Interest on Working Capital	2019-20	2020-21	2021-22	2022-23	2023-24
A	Working Capital for O&M Expenses (O&M Expenses for one month)	14.57	15.08	15.62	16.16	16.73
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	26.23	27.15	28.11	29.09	30.11
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	167.18	164.51	161.49	159.29	156.53
D	Total Working Capital (A+B+C)	207.98	206.75	205.21	204.54	203.38
E	Rate of Interest for working capital (in %)	12.05	11.25	10.50	10.50	12.00
F	Interest on Working Capital (D*E)	25.06	23.26	21.55	21.48	24.41



50. The details of IWC allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020 for the Combined Asset, IWC claimed by the Petitioner in the instant Petition and trued-up IWC in the instant order are as follows:

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020	25.31	23.75	23.56	23.39	23.14
Claimed by the Petitioner in the instant Petition	25.06	23.26	21.55	21.48	24.41
Approved after true-up in this order	25.06	23.26	21.55	21.48	24.41

Trued-up Annual Fixed Charges for 2019-24 Tariff Period

51. Accordingly, the Annual Fixed Charges allowed after the truing-up for the 2019-24 tariff period in respect of the Combined Asset are as follows:

	Particulars	Combined Assets				
		2019-20	2020-21	2021-22	2022-23	2023-24
A	Depreciation	399.86	402.74	403.95	404.91	404.91
B	Interest on Loan	344.69	309.05	277.41	251.02	222.45
C	Return on Equity	415.22	418.30	419.59	420.61	420.61
D	Interest on Working Capital	25.06	23.26	21.55	21.48	24.41
E	O&M Expenses	174.87	181.02	187.38	193.96	200.76
F	Total (A+B+C+D+E)	1359.70	1334.37	1309.88	1291.98	1273.14

52. The details of AFC allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020 for the Combined Asset, AFC claimed by the Petitioner in the instant Petition and trued-up AFC in the instant order are as follows:

Particulars	Combined Assets				
	2019-20	2020-21	2021-22	2022-23	2023-24
Allowed vide order dated 29.4.2021 in Petition No. 38/TT/2020	1373.51	1364.84	1339.19	1314.43	1287.50
Claimed by the Petitioner in the instant Petition	1359.71	1334.38	1309.89	1291.98	1273.15
Approved after true-up in this order	1359.70	1334.37	1309.88	1291.98	1273.14



Determination of Annual Fixed Charges for the 2024-29 Tariff Period

53. The Petitioner has claimed the following transmission charges in respect of the Combined Asset for the 2024-29 tariff period:

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	421.93	410.34	404.57	379.05	379.05
Interest on Loan	189.14	154.99	122.24	91.59	60.91
Return on Equity	420.61	420.61	420.61	420.61	420.61
Interest on Working Capital	25.84	25.71	25.71	25.43	25.67
O&M Expenses	243.22	256.09	269.36	283.44	298.58
Total	1300.74	1267.74	1242.49	1200.12	1184.82

54. The details of IWC claimed by the Petitioner for the 2024-29 tariff period for the Combined Asset are as under:

Particulars	Combined Asset				
	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	20.27	21.34	22.45	23.62	24.88
Maintenance Spares	36.48	38.41	40.40	42.52	44.79
Receivables	160.36	156.30	153.18	147.56	146.07
Total Working Capital	217.11	216.05	216.03	213.70	215.74
Rate of Interest (in %)	11.90	11.90	11.90	11.90	11.90
Interest on Working Capital	25.84	25.71	25.71	25.43	25.67

Capital Cost

55. Regulation 19 of the 2024 Tariff Regulations provides as follows:

“19. Capital Cost: (1) *The Capital cost of the generating station or the transmission system, as the case may be, as determined by the Commission after prudence checks in accordance with these regulations shall form the basis for the determination of tariff for existing and new projects.*

(2) *The Capital Cost of a new project shall include the following:*

- (a) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project;*
- (b) *Interest during construction and financing charges, on the loans (i) being equal to 70% of the funds deployed and, in the event actual equity is in excess of 30% on a pari-passu basis, by treating the excess equity over and above 30%*



of the funds deployed as a normative loan, or (ii) being equal to the actual amount of the loan in the event of actual equity being less than 30% of the funds deployed;

(c) Any gain or loss on account of foreign exchange risk variation pertaining to the loan amount availed during the construction period;

(d) Interest during construction and incidental expenditure during construction as computed in accordance with these regulations;

(e) Capitalised initial spares subject to the ceiling rates in accordance with these regulations;

(f) Expenditure on account of additional capitalization and de-capitalisation determined in accordance with these regulations;

(g) Adjustment of revenue due to the sale of infirm power in excess of fuel cost prior to the date of commercial operation as specified under Regulation 6 of these regulations;

(h) Adjustment of revenue earned by the transmission licensee by using the assets before the date of commercial operation;

(i) Capital expenditure on account of ash disposal and utilization including handling and transportation facility;

(j) Capital expenditure incurred towards railway infrastructure and its augmentation for transportation of coal up to the receiving end of the generating station but does not include the transportation cost and any other appurtenant cost paid to the railway;

(k) Capital expenditure on account of biomass handling equipment and facilities, for co-firing;

(l) Capital expenditure on account of emission control system necessary to meet the revised emission standards and sewage treatment plant;

(m) Expenditure on account of the fulfilment of any conditions for obtaining environment clearance for the project;

(n) Expenditure on account of change in law and force majeure events; and

(o).....

(p).....

(3) The Capital cost of an existing project shall include the following:

(a) Capital cost admitted by the Commission prior to 1.4.2024 duly trued up by excluding liability, if any, as on 1.4.2024;

(b) Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these regulations;

(c) Capital expenditure on account of renovation and modernisation as admitted by this Commission in accordance with these regulations;

(d) to (h).....

(i) Expenditure on account of change in law and force majeure events;

(4) & (5)

(6) The following shall be excluded from the capital cost of the existing and new projects:

(a) The assets forming part of the project but not in use, as declared in the tariff petition;



(b) De-capitalised Assets after the date of commercial operation on account of obsolescence;

(c) De-capitalised Assets on account of upgradation or shifting from one project to another project:

Provided that in case such an asset is recommended for further utilisation by the Regional Power Committee in consultation with CTU, such asset shall be decapitalised from the original project only after its redeployment;

Provided further that unless shifting of an asset from one project to another is of a permanent nature, there shall be no de-capitalization of the concerned assets.

(d).....

(e) Proportionate cost of land of the existing generation or transmission project, as the case may be, which is being used for generating power from a generating station based on renewable energy as may be permitted by the Commission; and

(f) Any grant received from the Central or State Government or any statutory body or authority for the execution of the project that does not carry any liability of repayment.”

56. The Petitioner has not claimed ACE for the 2024-29 tariff period and the following table summarizes the capital cost of the Combined Asset during 2024-29 tariff period:

Asset	Capital Cost claimed as on 31.3.2024	ACE Claimed	Estimated Completion Cost
		2024-29	
Combined Asset	7464.77	0.00	7464.77

57. We have considered the submissions of the Petitioner. The capital cost has been dealt in line with Regulation 19(3) of the 2024 Tariff Regulations. The element-wise capital cost (i.e., land, building, transmission line, Sub-station and PLCC) as admitted by the Commission as on 31.3.2024 for the Combined Asset has been considered as capital cost as on 1.4.2024 as per following details:

Element	Combined Asset
Freehold Land	0.00
Leasehold Land	0.00
Building Civil Works & Colony	0.00
Transmission Line	269.63

Sub-Station	6909.27
PLCC	196.27
IT Equipment (Incl. Software)	89.60
Total	7464.77

58. The trued-up capital cost of ₹7464.77 lakh for the Combined Asset is considered as admitted capital cost as on 1.4.2024 for working out the tariff for the 2024-29 tariff period.

Additional Capital Expenditure (ACE)

59. The Petitioner has not claimed ACE in respect of the Combined Asset for the 2024-29 tariff period.

Debt-Equity ratio

60. Regulation 18 of the 2024 Tariff Regulations provides as follows:

“18. Debt-Equity Ratio: (1) For new projects, the debt-equity ratio of 70:30 as on date of commercial operation shall be considered. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that:

- i. where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of tariff:
- ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment:
- iii. any grant obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt: equity ratio.

Explanation.-The premium, if any, raised by the generating company or the transmission licensee, as the case may be, while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilised for meeting the capital expenditure of the generating station or the transmission system.

(2) The generating company or the transmission licensee, as the case may be, shall submit the resolution of the Board of the company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the generating station or the transmission system including communication system, as the case may be.

(3) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2019,



debt: equity ratio allowed by the Commission for determination of tariff for the period ending 31.3.2024 shall be considered:

Provided that in case of a generating station or a transmission system including communication system which has completed its useful life as on or after 1.4.2024, if the equity actually deployed as on 1.4.2024 is more than 30% of the capital cost, equity in excess of 30% shall not be taken into account for tariff computation;

Provided further that in case of projects owned by Damodar Valley Corporation, the debt: equity ratio shall be governed as per sub-clause (ii) of clause (2) of Regulation 72 of these regulations.

(4) In case of the generating station and the transmission system including communication system declared under commercial operation prior to 1.4.2024, but where debt: equity ratio has not been determined by the Commission for determination of tariff for the period ending 31.3.2024, the Commission shall approve the debt: equity ratio in accordance with clause (1) of this Regulation.

(5) Any expenditure incurred or projected to be incurred on or after 1.4.2024 as may be admitted by the Commission as additional capital expenditure for determination of tariff, and renovation and modernisation expenditure for life extension shall be serviced in the manner specified in clause (1) of this Regulation.

(6) Any expenditure incurred for the emission control system during the tariff period as may be admitted by the Commission as additional capital expenditure for determination of supplementary tariff, shall be serviced in the manner specified in clause (1) of this Regulation.”

61. The debt-equity ratio considered for the purpose of computation of tariff for the 2024-29 tariff period is allowed as per Regulation 18(3) of the 2024 Tariff Regulations. The debt-equity ratio considered for the purpose of computation of tariff for the Combined Asset for the 2024-29 tariff period are as follows:

Funding	Capital Cost as on 1.4.2024 (₹ in lakh)	(in %)	ACE in 2024-29 (₹ in lakh)	(in %)	Capital Cost as on 31.3.2029 (₹ in lakh)	(in %)
Debt	5225.34	70.00	0.00	0.00	5225.34	70.00
Equity	2239.43	30.00	0.00	0.00	2239.43	30.00
Total	7464.77	100.00	0.00	0.00	7464.77	100.00

Depreciation

62. Regulation 33 of the 2024 Tariff Regulations provides as follows:

"33. Depreciation: (1) Depreciation shall be computed from the date of commercial operation of a generating station or unit thereof or a transmission system or element

Page 26 of 42



thereof including communication system. In the case of the tariff of all the units of a generating station or all elements of a transmission system including the communication system for which a single tariff needs to be determined, the depreciation shall be computed from the effective date of commercial operation of the generating station or the transmission system taking into consideration the depreciation of individual units:

Provided that the effective date of commercial operation shall be worked out by considering the actual date of commercial operation and installed capacity of all the units of the generating station or capital cost of all elements of the transmission system, for which a single tariff needs to be determined.

(2) *The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. In case of multiple units of a generating station or multiple elements of a transmission system, the weighted average life for the generating station or the transmission system shall be applied. Depreciation shall be chargeable from the first year of commercial operation. In the case of commercial operation of the asset for a part of the year, depreciation shall be charged on a pro rata basis.*

(3) *The salvage value of the asset shall be considered as 10%, and depreciation shall be allowed up to the maximum of 90% of the capital cost of the asset:*

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

.....

Provided also that any depreciation disallowed on account of lower availability of the generating station or unit or transmission system, as the case may be, shall not be allowed to be recovered at a later stage during the useful life or the extended life.

(4)

(5) *Depreciation for Existing Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-I to these regulations for the assets of the generating station and transmission system:*

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 12 years from the effective date of commercial operation of the generating station or transmission system, as the case may be, shall be spread over the balance useful life of the assets.

.....

(6) *Depreciation for New Projects shall be calculated annually based on the Straight Line Method and at rates specified in Appendix-II to these regulations for the assets of the generating station and transmission system:*

Provided that the remaining depreciable value as on 31st March of the year closing after a period of 15 years from the effective date of commercial operation of the generating station or the transmission system, as the case may be, shall be spread over the balance useful life of the assets.

.....

(7) *In the case of the existing projects, the balance depreciable value as on 1.4.2024 shall be worked out by deducting the cumulative depreciation as admitted to by the*



Commission up to 31.3.2024 from the gross depreciable value of the assets.

(8) The generating company or the transmission licensee, as the case may be, shall submit the details of capital expenditure proposed to be incurred during five years before the completion of useful life along with proper justification and proposed life extension. The Commission, based on prudence check of such submissions, shall approve the depreciation by equally spreading the depreciable value over the balance Operational Life of the generating station or unit thereof or fifteen years, whichever is lower, and in case of the transmission system shall equally spread the depreciable value over the balance useful life of the Asset or 10 years whichever is higher.

(9) In case of de-capitalization of assets in respect of generating station or unit thereof or transmission system or element thereof, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalised asset during its useful service

(10) XXXXXX

(11) XXXXXX

(12) XXXXXX”

63. The depreciation has been worked out considering the admitted capital expenditure as on 1.4.2024 and thereafter up to 31.3.2029. The WAROD has been worked out for the Combined Asset as per the rates of depreciation specified in the 2024 Tariff Regulations.

64. The depreciation allowed for the Combined Asset under Regulation 33 of the 2024 Tariff Regulations for the 2024-29 tariff period is as follows:

(₹ in lakh)						
Combined Assets						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Gross Block	7464.77	7464.77	7464.77	7464.77	7464.77
B	Addition during 2019-24 due to ACE	0.00	0.00	0.00	0.00	0.00
C	Closing Gross Block (A+B)	7464.77	7464.77	7464.77	7464.77	7464.77
D	Average Gross Block (A+C)/2	7464.77	7464.77	7464.77	7464.77	7464.77
E	Average Capital Cost (90% depreciable assets)	7375.17	7375.17	7375.17	7375.17	7375.17
F	Average Capital Cost (100% depreciable assets)	89.60	89.60	89.60	89.60	89.60
G	Depreciable Value (excluding IT equipment and software) (E*90%)	6637.65	6637.65	6637.65	6637.65	6637.65



Combined Assets						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
H	Depreciable Value of IT equipment and software (F*100%)	89.60	89.60	89.60	89.60	89.60
I	Total Depreciable Value (G+H)	6727.25	6727.25	6727.25	6727.25	6727.25
J	Weighted average rate of Depreciation (WAROD) (in %)	5.65	5.50	5.42	5.08	5.08
K	Elapsed life at the beginning of the year	19	18	17	16	15
L	Balance useful life of the asset	6	7	8	9	10
M	Aggregate Depreciable Value	6727.25	6727.25	6727.25	6727.25	6727.25
N	Combined Depreciation during the year (D*J)	421.93	410.34	404.55	379.05	379.05
O	Cumulative Depreciation at the end of the year	3096.68	3507.02	3911.57	4290.62	4669.67
P	Remaining Aggregate Depreciable Value at the end of the year	3630.57	3220.23	2815.68	2436.63	2057.58

Interest on Loan (IoL)

65. Regulation 32 of the 2024 Tariff Regulations provides as follows:

“32. Interest on loan capital: (1) The loans arrived at in the manner indicated in Regulation 18 of these regulations shall be considered gross normative loans for the calculation of interest on loans.

(2) The normative loan outstanding as on 1.4.2024 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2024 from the gross normative loan.

(3) The repayment for each of the years of the tariff period 2024-29 shall be deemed to be equal to the depreciation allowed for the corresponding year or period. In case of decapitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on a pro rata basis, and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalisation of such asset.

(4) Notwithstanding any moratorium period availed of by the generating company or the transmission licensee, as the case may be, the repayment of the loan shall be considered from the first year of commercial operation of the project and shall be equal to the depreciation allowed for the year or part of the year.

(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio or allocated loan portfolio;

Provided that if there is no actual loan outstanding for a particular year but the normative loan is still outstanding, the last available weighted average rate of interest of the loan portfolio for the project shall be considered;

Provided further that if the generating station or the transmission system, as the case may be, does not have any actual loan, then the weighted average rate of



interest of the loan portfolio of the generating company or the transmission licensee as a whole shall be considered.

Provided that the rate of interest on the loan for the installation of the emission control system commissioned subsequent to date of commercial operation of the generating station or unit thereof, shall be the weighted average rate of interest of the actual loan portfolio of the emission control system, and in the absence of the actual loan portfolio, the weighted average rate of interest of the generating company as a whole shall be considered, subject to a ceiling of 14%;

Provided further that if the generating company or the transmission licensee, as the case may be, does not have any actual loan, then the rate of interest for a loan shall be considered as 1-year MCLR of the State Bank of India as applicable as on April 01, of the relevant financial year.

(6) The interest on the loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.”

66. The Weighted Average Rate of IoL has been considered on the basis of rate prevailing as on 1.4.2024. The Petitioner has prayed that the change in interest rate due to floating rate of interest applicable, if any, during the 2024-29 tariff period may be adjusted. Accordingly, the floating rate of interest, if any, will be considered at the time of true up. IoL has been allowed in accordance with Regulation 32 of the 2024 Tariff Regulations. IoL allowed for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
A	Gross Normative Loan	5225.34	5225.34	5225.34	5225.34	5225.34
B	Cumulative Repayments upto Previous Year	2674.75	3096.68	3507.02	3911.57	4290.62
C	Net Loan-Opening (A-B)	2550.59	2128.66	1718.32	1313.77	934.72
D	Additions	0.00	0.00	0.00	0.00	0.00
E	Repayment during the year	421.93	410.34	404.55	379.05	379.05
F	Net Loan-Closing (C+D-E)	2128.66	1718.32	1313.77	934.72	555.67
G	Average Loan (C+F)/2	2339.62	1923.49	1516.04	1124.24	745.19
H	Weighted Average Rate of Interest on Loan (in %)	8.0843	8.0579	8.0631	8.1471	8.1740



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
	Interest on Loan					
I	Interest on Loan (G*H)	189.14	154.99	122.24	91.59	60.91

Return on Equity (RoE)

67. Regulation 30 and Regulation 31 of the 2024 Tariff Regulations provides as follows:

“30. Return on Equity: (1) *Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.*

(2) *Return on equity for existing project shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of river hydro generating station and at the base rate of 16.50% for storage type hydro generating stations, pumped storage hydro generating stations and run-of- river generating station with pondage;*

(3) *Return on equity for new project achieving COD on or after 01.04.2024 shall be computed at the base rate of 15.00% for the transmission system, including the communication system, at the base rate of 15.50% for Thermal generating station and run-of-river hydro generating station and at the base rate of 17.00% for storage type hydro generating stations, pumped storage hydro generating stations and run-of-river generating station with pondage;*

Provided that return on equity in respect of additional capitalization beyond the original scope, including additional capitalization on account of the emission control system, Change in Law, and Force Majeure shall be computed at the base rate of one-year marginal cost of lending rate (MCLR) of the State Bank of India plus 350 basis points as on 1st April of the year, subject to a ceiling of 14%;

Provided further that:

i. In case of a new project, the rate of return on equity shall be reduced by 1.00% for such period as may be decided by the Commission if the generating station or transmission system is found to be declared under commercial operation without commissioning of any of the Free Governor Mode Operation (FGMO), data telemetry, communication system up to load dispatch centre or protection system based on the report submitted by the respective RLDC;

.....”

“31. Tax on Return on Equity. (1) *The rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. The effective tax rate shall be calculated at the beginning of every financial year based on the estimated profit and tax to be paid estimated in line with the provisions of the relevant Finance Act applicable for that financial year to the concerned generating company or the transmission licensee by excluding the income of non-generation or non-transmission business, as the case may be, and the corresponding tax thereon.*



Provided that in case a generating company or transmission licensee is paying Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961, the effective tax rate shall be the MAT rate, including surcharge and cess;

Provided further that in case a generating company or transmission licensee has opted for Section 115BAA, the effective tax rate shall be tax rate including surcharge and cess as specified under Section 115BAA of the Income Tax Act, 1961.

(2) The rate of return on equity shall be rounded off to three decimal places and shall be computed as per the formula given below:

$$\text{Rate of pre-tax return on equity} = \text{Base rate} / (1-t)$$

(3) The generating company or the transmission licensee, as the case may be, shall true up the effective tax rate for every financial year based on actual tax paid together with any additional tax demand, including interest thereon, duly adjusted for any refund of tax including interest received from the income tax authorities pertaining to the tariff period 2024-29 on actual gross income of any financial year. Further, any penalty arising on account of delay in deposit or short deposit of tax amount shall not be considered while computing the actual tax paid for the generating company or the transmission licensee, as the case may be.

Provided that in case a generating company or transmission licensee is paying Minimum Alternate Tax (MAT) under Section 115JB, the generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year with the applicable MAT rate including surcharge and cess.

Provided that in case a generating company or transmission licensee is paying tax under Section 115BAA, the generating company or the transmission licensee, as the case may be, shall true up the grossed up rate of return on equity at the end of every financial year with the tax rate including surcharge and cess as specified under Section 115BAA.

Provided that any under-recovery or over recovery of grossed up rate on return on equity after truing up, shall be recovered or refunded to beneficiaries or the long term customers, as the case may be, on a year to year basis."

68. The Petitioner has submitted that the MAT rate applies to it. We have considered the Petitioner's submissions and have gone through the record.

69. We have considered the applicable MAT rate for the RoE, which will be trued-up in accordance with the 2024 Tariff Regulations. The RoE allowed for the Combined Asset for the 2024-29 tariff period is as follows:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Opening Equity	2239.43	2239.43	2239.43	2239.43	2239.43
B	Additions	0.00	0.00	0.00	0.00	0.00
C	Closing Equity (A+B)	2239.43	2239.43	2239.43	2239.43	2239.43



	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
D	Average Equity (A+C)/2	2239.43	2239.43	2239.43	2239.43	2239.43
E	Return on Equity (Base Rate) (%)	15.50	15.50	15.50	15.50	15.50
F	MAT Rate for respective year (in %)	17.472	17.472	17.472	17.472	17.472
G	Rate of Return on Equity (in %)	18.782	18.782	18.782	18.782	18.782
H	Return on Equity (D*G)	420.61	420.61	420.61	420.61	420.61

Operation & Maintenance Expenses (O&M Expenses)

70. The O&M Expenses claimed by the Petitioner for the Combined Asset for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
O&M Expenses	243.22	256.09	269.36	283.44	298.58

71. The norms specified under Regulation 36(3)(a) of the 2024 Tariff Regulations provides as follows:

“36. Operation and Maintenance Expenses:

...

(3) Transmission system: (a) The following normative operation and maintenance expenses shall be admissible for the transmission system:

Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<i>Norms for sub-station Bays (₹ Lakh per bay)</i>					
765 kV	41.34	43.51	45.79	48.20	50.73
400 kV	29.53	31.08	32.71	34.43	36.23
220 kV	20.67	21.75	22.90	24.10	25.36
132 kV and below	15.78	16.61	17.48	18.40	19.35
<i>Norms for Transformers/ Reactors (₹ Lakh per MVA or MVAR)</i>					
O&M expenditure per MVA or per MVAR (₹ Lakh per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
<i>Norms for AC and HVDC lines (₹ Lakh per km)</i>					
Single Circuit (Bundled Conductor with six or more sub-conductors)	0.861	0.906	0.953	1.003	1.056
Single Circuit (Bundled conductor with four sub-conductors)	0.738	0.776	0.817	0.860	0.905
Single Circuit (Twin & Triple Conductor)	0.492	0.518	0.545	0.573	0.603
Single Circuit (Single Conductor)	0.346	0.259	0.272	0.287	0.302



Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
<i>Double Circuit (Bundled conductor with four or more sub-conductors)</i>	1.291	1.359	1.430	1.506	1.585
<i>Double Circuit (Twin & Triple Conductor)</i>	0.861	0.906	0.953	1.003	1.056
<i>Double Circuit (Single Conductor)</i>	0.369	0.388	0.409	0.430	0.453
<i>Multi Circuit (Bundled Conductor with four or more sub-conductor)</i>	2.266	2.385	2.510	2.642	2.781
<i>Multi Circuit (Twin & Triple Conductor)</i>	1.509	1.588	1.671	1.759	1.851
Norms for HVDC stations					
<i>HVDC Back-to-Back stations (₹ Lakh per MW) (Except Gazuwaka BTB)</i>	2.07	2.18	2.30	2.42	2.55
<i>Gazuwaka HVDC Back-to-Back station (₹ Lakh per MW)</i>	1.83	1.92	2.03	2.13	2.24
<i>HVDC bipole scheme (₹ Lakh per MW)</i>	1.04	1.10	1.16	1.22	1.28

Provided that the O&M expenses for the GIS bays shall be allowed as worked out by multiplying 0.70 of the O&M expenses of the normative O&M expenses for bays;

Provided that the O&M expense norms of Double Circuit quad AC line shall be applicable to for HVDC bi-pole line;

Provided that the O&M expenses of ± 500 kV Mundra-Mohindergarh HVDC bipole scheme (2500 MW) shall be allowed as worked out by multiplying 0.80 of the normative O&M expenses for HVDC bipole scheme;

Provided further that the O&M expenses for Transmission Licensees whose transmission assets are located solely in NE Region (including Sikkim), States of Uttarakhand, Himachal Pradesh, the Union Territories of Jammu and Kashmir and Ladakh, district of Darjeeling of West Bengal shall be worked out by multiplying 1.50 to the normative O&M expenses prescribed above.

(b) The total allowable operation and maintenance expenses for the transmission system shall be calculated by multiplying the number of substation bays, transformer capacity of the transformer/reactor/Static Var Compensator/Static Synchronous Compensator (in MVA/MVAr) and km of line length with the applicable norms for the operation and maintenance expenses per bay, per MVA/MVAr and per km respectively.

.....”

72. We have considered the submissions of the Petitioner. The O&M Expenses have been worked out in accordance with Regulation 36 of the 2024 Tariff Regulations and the same is as follows:



(₹ in lakh)

Particulars	Combined Assets				
	2024-25	2025-26	2026-27	2027-28	2028-29
400 kV Bay (4 Nos.)					
Norms (₹ lakh/Bay)	29.53	31.08	32.71	34.43	36.23
O&M expenses allowed for Sub-station	118.12	124.32	130.84	137.72	144.92
400 kV GIS Bays (2 Nos.)					
Norms (₹ lakh/Bay)	20.67	21.76	22.90	24.10	25.36
O&M expenses allowed for Sub-station	41.34	43.51	45.79	48.20	50.72
400 kV Sub-station Reactor (5 Nos of 63 MVAR each)					
Norms (₹ lakh/per MVA or MVAR)	0.262	0.276	0.290	0.305	0.322
O&M expenses allowed for Sub-station Reactors	82.53	86.94	91.35	96.08	101.43
Transmission line - (400 kV Nagapattinam – Dharmapuri Line) Double Circuit (Bundled Conductor with Four Sub-Conductors): (Line Length: 0.955 km)					
Norms (₹ lakh/km)	1.29	1.36	1.43	1.51	1.59
O&M expenses allowed for Transmission Line	1.23	1.30	1.37	1.44	1.51
Total O&M Expenses Allowed (₹ in lakh)	243.22	256.07	269.35	283.44	298.59

Interest on Working Capital (IWC)

73. Regulation 34(1)(d), 34(3) and 34(4) of the 2024 Tariff Regulations specify as follows:

“34. Interest on Working Capital: (1) The working capital shall cover:

.....

(d) For Hydro generating station (including Pumped Storage Hydro generating station) and Transmission System:

- (i) Receivables equivalent to 45 days of annual fixed cost;
- (ii) Maintenance spares @ 15% of operation and maintenance expenses including security expenses; and
- (iii) Operation and maintenance expenses, including security expenses for one month.

(2)

(3) Rate of interest on working capital shall be on a normative basis and shall be considered at the Reference Rate of Interest as on 1.4.2024 or as on 1st April of the year during the tariff period 2024- 29 in which the generating station or a unit thereof or the transmission system including communication system or element thereof, as the case may be, is declared under commercial operation, whichever is later:

Provided that in case of truing-up, the rate of interest on working capital shall be considered at Reference Rate of Interest as on 1st April of each of the financial year



during the tariff period 2024-29.

(4) Interest on working capital shall be payable on a normative basis, notwithstanding that the generating company or the transmission licensee has not taken a loan for working capital from any outside agency.”

74. The Petitioner has considered the rate of IWC as 11.90% as on 1.4.2024. IWC is worked out in accordance with Regulation 34 of the 2024 Tariff Regulations. The ROI considered is 11.90% (SBI 1-year MCLR applicable as on 1.4.2024 of 8.65% plus 325 basis points) for the FY 2024-25 to FY 2028-29.

75. The components of the working capital and interest allowed thereon under Regulation 34 of the 2024 Tariff Regulations for the 2024-29 tariff period in respect of the Combined Assets are as under:

(₹ in lakh)						
	Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
A	Working Capital for O&M Expenses (O&M Expenses for one month)	20.27	21.34	22.45	23.62	24.88
B	Working Capital for Maintenance Spares (15% of O&M Expenses)	36.48	38.41	40.40	42.52	44.79
C	Working Capital for Receivables (Equivalent to 45 days of annual fixed cost /annual transmission charges)	160.37	156.29	153.18	147.56	146.08
D	Total Working Capital (A+B+C)	217.12	216.04	216.03	213.69	215.75
E	Rate of Interest for working capital (in %)	11.90	11.90	11.90	11.90	11.90
F	Interest on working capital (D*E)	25.84	25.71	25.71	25.43	25.67

Annual Fixed Charges of the 2024-29 Tariff Period

76. The annual transmission charges allowed for the 2024-29 tariff period are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
Depreciation	421.93	410.34	404.55	379.05	379.05
Interest on Loan	189.14	154.99	122.24	91.59	60.91
Return on Equity	420.61	420.61	420.61	420.61	420.61
Interest on Working Capital	25.84	25.71	25.71	25.43	25.67
O&M Expenses	243.22	256.07	269.35	283.44	298.59
Total	1300.74	1267.72	1242.46	1200.12	1184.83



Filing Fee and Publication Expenses

77. The Petitioner has claimed reimbursement of the fee paid by it for filing the Petition and publication expenses. The Petitioner has further submitted that it is entitled to the reimbursement of the filing fee and the expenses incurred on publication of notices in the application for approval of tariff directly from the beneficiaries or the long-term customers, as the case may be, in accordance with Regulation 94(1) of the 2024 Tariff Regulations.

78. We have considered the Petitioner's submissions. The Petitioner is entitled to reimbursement of the fee paid for filing the Petition and publication expenses incurred on this count directly from the beneficiaries or long-term customers, as the case may be.

Fees and Charges of Central Transmission Utility of India Limited (CTUIL)

79. The Petitioner has submitted that as per Regulation 99 of the 2024 Tariff Regulations, the fees and charges of the CTUIL may be allowed separately through a separate regulation. The Petitioner has further submitted that in the absence of such regulation, the expenses of CTUIL will be borne by the Petitioner, which will be recovered by the Petitioner as additional O&M Expenses through a separate Petition at the end of the tariff period.

80. It is apt here to refer to Regulation 99 of the 2024 Tariff Regulations, which provides as under:

“99. Special Provisions relating to Central Transmission Utility of India Ltd. (CTUIL): The fee and charges of CTUIL shall be allowed separately by the Commission through a separate regulation:

Provided that until such regulation is issued by the Commission, the expenses of CTUIL shall be borne by Power Grid Corporation of India Ltd. (PGCIL) which shall be recovered by PGCIL as additional O&M expenses through a separate petition.”



81. We have considered the Petitioner's submissions and perused Regulation 99 of the 2024 Tariff Regulations. In view of the explicit provision made under Regulation 99 of the 2024 Tariff Regulations, we permit the Petitioner, i.e., PGCIL, to bear the fees and charges expenses of CTUIL and recover the same as additional O&M Expenses through a separate Petition until such regulation is notified and issued by the Commission.

License Fee and RLDC Fees and Charges

82. The Petitioner has claimed reimbursement of the License Fee, RLDC Fees and Charges. The Petitioner is allowed the reimbursement of the license fee in accordance with Regulation 94(4) of the 2024 Tariff Regulations for the 2024-29 tariff period. The Petitioner is also allowed to recover the RLDC fee and charges from the beneficiaries in terms of Regulation 94(3) of the 2024 Tariff Regulations for the 2024-29 tariff period.

Goods and Services Tax

83. The Petitioner has submitted that the transmission charges claimed herein are exclusive of GST, and in case GST is levied in the future, the same shall be additionally paid by the Respondents and be charged and billed separately by the Petitioner. It is also prayed that additional taxes, if any, are paid by the Petitioner on account of the demand from the Government/ statutory authorities, and the Commission may allow the same to be recovered from the beneficiaries.

84. KSEBL has submitted that the Petitioner's claim for GST should be deferred and should be considered only on its actual imposition. In response, the Petitioner has reiterated the submissions made in the Petition on the issue of GST.

85. The Petitioner, vide affidavit dated 9.4.2025, has further submitted that under the CGST Act, 2017, implemented w.e.f. 1.7.2017, the Government of India has exempted the charges for the transmission of electricity via notification no. 12/2017 – Central Tax



(Rate) dated 28.06.2017, at Serial No. 25 under the heading 9969, "Transmission or distribution of electricity by an electric transmission or distribution utility," by applying a NIL GST rate. Hence, the Transmission Charges, as indicated in the instant Petition, are exclusive of GST. Further, the Petitioner has prayed before the Commission that if GST is levied at any rate and at any point in time in the future on the Charges for the Transmission of Electricity, the same will be borne and additionally paid by the Respondent(s) to the Petitioner, and the same will be charged and billed separately by the Petitioner. Additionally, if any further taxes are to be paid by the Petitioner on account of demands from the Government or statutory authorities, the same may be allowed to be recovered from the beneficiaries.

86. We have considered the submissions of the Petitioner and KSEBL. Since GST is not levied on the transmission service at present, we are of the view that the Petitioner's prayer on this count is premature.

Security Expenses, Insurance and Capital Spares

87. The Petitioner has submitted that as per Regulation 36(3)(d) of the 2024 Tariff Regulations, the Security Expenses and Capital Spares of more than ₹10 lakh and insurance expenses arrived through the competitive bidding for the transmission system and associated communication system may be allowed separately after prudence check.

88. As regards the Security Expenses of the Combined Assets, the Petitioner has submitted that it will file a separate Petition for the truing up of security expenses from 1.4.2019 to 31.3.2024 under Regulation 35(3)(c) of the 2019 Tariff Regulations and recovery of security expenses from 1.4.2024 to 31.3.2029 under Regulation 36 (3)(d) of the 2024 Tariff Regulations. According to the Petitioner, the Security Expenses regarding the Combined Asset are not claimed in the instant Petition.



89. The Petitioner has also submitted that it has not claimed insurance expenses in the instant Petition and has submitted that it will file a separate Petition for claiming the overall insurance expenses and consequential IWC on the same, considering the actual insurance expenses incurred by it for the FY 2023-24 after escalating the same at 5.25% per annum to arrive at the estimated insurance expense for the FY 2024-25, FY 2025-26, FY 2026-27, FY 2027-28, and FY 2028-29.

90. The Petitioner has not claimed capital spares for the Combined Asset in the instant Petition for the 2024-29 tariff period. According to the Petitioner, it will file a separate Petition for the capital spares consumed and consequential IWC thereon on an actual basis for the 2024-29 tariff period as per the 2024 Tariff Regulations. The Petitioner has also submitted that it has filed Petition No. 45/MP/2024, claiming therein capital spares for the 2019-24 tariff period as per the 2019 Tariff Regulations.

91. We have considered the Petitioner's submissions and have perused the record. We deem it proper here to refer to Regulation 36(3) (d) of the 2024 Tariff Regulations which provides as follows:

"36(3)

(d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check:

Provided that in case of self-insurance, the premium shall not exceed 0.12% of the GFA of the assets insured;

Provided that the transmission licensee shall submit the along with estimated security expenses based on assessment of the security requirement, capital spares and insurance expenses, which shall be trued up based on details of the year-wise actuals along with appropriate justification for incurring the same and along with confirmation that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization."

92. On perusal of Regulation 36(3)(d) of the 2024 Tariff Regulations and considering the Petitioner's submissions, the Petitioner is allowed to file a single consolidated



Petition comprising security expenses, capital spares individually costing more than ₹10 lakh and insurance expenses on the estimated basis as per the 2024 Tariff Regulations for the 2024-29 tariff period.

Sharing of Transmission Charges

93. The Petitioner has submitted that the trued- up tariff for 2019-24 period shall be recovered on monthly basis in accordance with Regulation 57 of CERC (Terms and Conditions of Tariff) Regulations, 2019 and shall be shared by the beneficiaries and long-term transmission customers in terms of CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 and CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, as amended from to time for the applicable periods. Further, tariff for 2024-29 period shall be recovered on monthly basis in accordance with Regulation 78 of CERC (Terms and Conditions of Tariff) Regulations, 2024 and shall be shared by the beneficiaries and long-term transmission customers in terms of CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2020, as amended from to time.

94. The billing, collection, and disbursement of the transmission charges for the Combined Assets shall be recovered in terms of provisions of Regulation 57 of the 2019 Tariff Regulations for the 2019-24 tariff period and Regulation 78 of the 2024 Tariff Regulations for the 2024-29 tariff period.

95. To summarise:

- a. The details of AFC claimed by the Petitioner in the instant Petition and trued-up AFC allowed for the 2019-24 tariff period for the Combined Asset are as follows:

	(₹ in lakh)				
Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
AFC Claimed	1359.71	1334.38	1309.89	1291.98	1273.15
AFC Approved	1359.70	1334.37	1309.88	1291.98	1273.14



b. The details of AFC claimed by the Petitioner in the instant Petition and AFC allowed for the 2024-29 tariff period for the Combined Asset are as follows:

(₹ in lakh)					
Particulars	2024-25	2025-26	2026-27	2027-28	2028-29
AFC Claimed	1300.74	1267.74	1242.49	1200.12	1184.82
AFC Approved	1300.74	1267.72	1242.46	1200.12	1184.83

96. This order disposes of the Petition No. 464/TT/2024, in terms of the above discussions and findings.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

